

STATINTL

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OLC/ELS/mg (29 Aug 78)

OLC #78-3015/b

5 SEP 1978

Honorable Birch Bayh, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request of 22 August for a report on how the Los Angeles Times obtained a Confidential White House memorandum concerning a satellite spy project and a damage assessment on this subject.

We are making inquiries into this matter now, and I will make a report to your Committee as soon as possible.

Yours sincerely,

/s/ Frank C. Carlucci

STANSFIELD TURNER

cc: Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
House of Representatives

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

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FROM:

Legislative Counsel

EXTENSION

6121

NO.

78-9942/15A

DATE

1 SEP 1978

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

DDCI

1 SEP 1978

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Attached for your approval is a memorandum recommending that you seek Presidential guidance on reporting to SSCI and HPSCI on the Los Angeles Times story of 18 August. Also attached, for your signature, is an interim response to Chairman Bayh on this subject.

Frederick P. Hitz

Attached is a memorandum just received from DDS&T on the security aspects.

This states me as a cop out. Let's discuss. Meanwhile, send interim response to give thought to memo from me to Dave Aaron.

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 400, 94TH CONGRESS)

WASHINGTON, D.C. 20510

August 22, 1978

IN REPLY PLEASE
REFER TO Q# 4513

Admiral Stansfield Turner
Director of Central Intelligence
Central Intelligence Agency
Washington, D. C. 20505

Dear Stan:

The Los Angeles Times of August 18, 1978 carried an article by Jack Nelson which discussed the veto made by the President of the Defense authorization bill. The article cites the inclusion of a "Top Secret satellite spy project considered vital for monitoring Soviet military activities." The article cites as its source a confidential White House memorandum obtained by the Times which was sent to Press Secretary Powell and was written by an official in the Office of Management and Budget. It appears from the article that this OMB memorandum discusses highly classified and fragile intelligence matters.

The Committee would appreciate a full and detailed report how this memorandum was obtained by the Los Angeles Times, as well as a damage assessment.

Sincerely,



Birch Bayh
Chairman

Enclosure

Los Angeles Times

Fri., Aug. 18, 1978

Carter Defense Veto a Bid to Avert Cuts in Vital Items

BY JACK NELSON

Times Washington Bureau Chief

WASHINGTON—President Carter's veto of the defense authorization bill was designed to head off what he saw as damaging congressional cuts in basic national security programs, including a top-secret satellite spy project considered vital for monitoring Soviet military activities.

The veto decision, made Wednesday and carried out Thursday, was described by one top adviser as a "watershed" in the Administration's relations with Congress. It was also influenced by Carter's belief that the time had come to follow his own political instincts and ignore aides who had urged him to avoid any such confrontation.

"I listened to my advisers during the past year telling me what to do about some of these things and what did it get me? Now I am perceived as

being weak," a senior adviser quoted Carter as saying when he reached the veto decision at a luncheon meeting in the Cabinet room Wednesday.

"I'm going to follow my own instincts now because it's the right thing to do," the President said, telling aides he should have done so sooner and vetoed several other measures he was signed during his tenure in office.

The bill covers the next fiscal year beginning in October.

The spy satellite project, described as "an extremely important intelligence program" in a confidential White House memorandum obtained by The Times, was one of a long list of items Congress has sought to delete from this year's defense spending plans in order to make way for a \$2

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Carter Veto Aimed at Averting Cuts in Vital Defense Items

Continued from First Page

Emphasizing that he wants Congress to reorganize its priorities, not cut overall spending, Carter offered a broad outline of his reasoning at a news conference Tuesday when he formally announced his veto of the \$36 billion defense authorization bill—the spending policy measure that must precede passage of the detailed defense appropriations bill now working its way through Congress. But the underlying elements of Carter's concern about the impact of the authorization bill on national security, as well as his political assessment, were spelled out more explicitly in the confidential memo and by top White House aides in a series of interviews with The Times.

The memo, sent to Presidential Press Secretary Jody Powell and written by an official in the Office of Management and Budget, said "The President, in reviewing our military program, placed this item as an absolute top priority and we should press to get this message across to the Congress."

"The President will of course not be able to mention this publicly, but you and others should be prepared to do so privately in your talks with congressmen," the memo said. Essentially, the program is a new intelligence-gathering system which will be critical of our future ability to monitor a wide variety of Soviet activities.

Powell and other Carter aides already are trying to convince members of Congress they should not vote to override the veto.

Although Administration officials have predicted a tough fight to sustain it, indications are that Carter has the necessary strength. The House, the only body which voted on the issue of deleting the carrier, voted 218 to 156 against deleting it. But Carter needs only a one-third vote of the total 435 members, 146, to sustain a veto.

"I don't think we have a prayer to override the veto," said Rep. Bob Wilson (R-Calif.), ranking Republican on the House Armed Services Committee, and a leader of the pro-carrier forces.

Carter also was assured the support of a prominent Republican, Arizona's Sen. Barry Goldwater, who said he did not believe the carrier was needed.

"Also, if it stays in the bill, we will deprive all the services of badly needed equipment," said Goldwater, a staunch supporter of the military.

Goldwater's comment touched on a complex but pivotal factor in the controversy: The defense spending cuts that Carter objects to are contained not in the authorization bill he is vetoing but in the defense appropriations bill which has passed the House and now is working its way through the Senate in similar form.

The appropriations cuts are designed, however, to permit construction of the nuclear carrier provided for in the authorization bill without pushing the overall level of defense spending above the \$120 billion sought by the Administration.

What Carter now hopes to do is persuade Congress to

drop the carrier and instead allocate the \$2 billion it would cost to other defense needs, including the satellite system and such mundane but important things as maintenance, operations costs, and research and development.

"By diverting funds away from more important defense needs in order to build a very expensive nuclear aircraft carrier," Carter said at his news conference, "this would waste resources available for defense, reduce our commitment to NATO in the future, and weaken our nation's military capabilities."

The override issue will go to the House first, after members return from a summer recess on Sept. 5. In the interim there is likely to be heavy lobbying with elements of the defense industry on different sides of the issue.

The Newport News, (Va.) Ship and Drydock Co., the only shipyard that could build the nuclear carrier for example, undoubtedly will lobby to override the President's veto. Firms that might benefit from other types of military expenditures on the other hand, including the satellite-supplier, can be expected to lobby to sustain the veto.

Although Congress probably will fail to override the veto, a key issue remaining for Carter is whether the carrier will remain in the Senate appropriations bill.

Carter, informing a group of key congressmen of his veto decision Thursday morning, said he also would veto the appropriations bill if it contained the carrier provision. Rep. Robert M. Carr (D-Mich.), a House Armed Services Committee member who opposes the carrier, quoted Carter as saying: "If you don't take it out of the appropriations, I

have to veto that as well."

Carter's handling of the issue brought mixed reaction at Capitol Hill.

An aide to Sen. Henry Jackson (D-Wash.) said, "The veto will cause divisiveness in the Congress and complicate the schedule. It throws the timing off." He said it could indirectly endanger the energy bill but added, "The energy bill is in danger anyway."

Sen. Alan Cranston (D-Calif.), the majority whip, said the veto would "cause some aggravation over the fact that this adds to the agenda just as we're leaving town on it."

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WHY CARTER VETOED DEFENSE BILL

Continued from 8th Page
 Carter said he brought any political problems he had to the President's attention. He said he had been in the White House for 14 months and had not yet been able to get the bill passed.

John Stennis (D-Miss.), chairman of the Senate Armed Services Committee and an ardent supporter of the bill, said the carrier was "the cement that held the bill together."

At the Senate now has to reconsider all the items in the authorization bill, Stennis said. "We won't finish in this calendar year."

Senators and representatives who attended two White House meetings Carter called Thursday to discuss his veto decision described the President as pleasant but firm in his position.

Sen. Robert M. Clinton (D-Conn.) urged the President to veto the bill, but instead to ask Congress for rescission of the carrier item. Clinton said, "The President said the decision was much more difficult and thus would allow things to go unchallenged. He believed it's time for a showdown on the issue, right now."

Carter's decision represented a victory for OMB Director James V. McIntyre and his staff, who long have urged a veto, and a setback for some of the President's other advisers.

Charles Kirbo, an Atlanta attorney and Carter confidant who sat in on the decisive meeting, told The Times, "One of the advisers on the political side thought it was a big political risk for him to exercise the veto, that it would be awfully embarrassing if he was overruled."

Carter, Kirbo, Vice President Mondale, Defense Secretary Harold Brown, National Adviser Zbigniew Brzezinski

and top White House aides sat around the Cabinet room table munching club sandwiches and drinking coffee and talked as they debated the issue Wednesday.

Kirbo said that although he knew little about the merits of the bill, "I shared this with the President, that all this worry about getting beat or losing face is a bunch of baloney. Besides I thought it was no more politically damaging to be overridden on a veto than it was to be defeated in the first place and he and the nation were being defeated if he signed the bill the way it was."

Mondale, Brzezinski and Brown spoke in favor of the veto, but domestic affairs adviser Stu Eizenstat opposed it. Political adviser Hamilton Jordan expressed concern about the political repercussions, although he ultimately agreed a veto was in order.

"In essence," said one official who attended the meeting but declined to be identified, "the President said 'I've gone along with other things political advisers told me to go with and now it's being said I won't stand up to Congress and do what ought to be done.'"

"If it's right, it's time to do what's right. The politics of what's right is better than the politics of what pleases most everybody."

Although Carter emphasized cooperation with Congress and played down any confrontations with Capitol Hill during his press conference, he did indicate he would not hesitate to veto other bills she considers unreasonable. He specifically mentioned the tax reduction bill and the union tax credit deduction bill, as presently constituted, as legislation he would not hesitate to veto.

In some past instances, Carter told the group, he had

been "too lenient" in dealing with Congress and signed legislation he should have vetoed, including "the appropriation bill that authorized unnecessary water projects."

Carter aides said the President also has said privately he regretted having signed the bill increasing the minimum wage and several appropriations measures.

While Carter talked Thursday of "close consultations" with Congress, some top aides talked in a tougher vein of how the President was sending Capitol Hill a message it could not ignore. "In a way this was a tough bill to tackle because sustaining a veto won't be all that easy," said one aide. "But we couldn't have asked for a better opportunity to send a clear signal the President is ready to use the veto power on a wider basis."

"Everyone here feels good about it, not only because of growing confidence we can sustain it, but also because of

Don Angeles Times
 Feb. Aug. 18, 1978

let taking so much foolishness from Congress. We have now risen up and said one back for them to do with a big one at that, not like a veto of a rabbit in the bill. Carter's previous vetoes were one that killed a bill dealing with inspection of rabbit meat and another which would have provided for development of the controversial Clinch River nuclear reactor plant. Both were sustained.